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The New Housing Development Guidebook

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The New Housing Development Guidebook

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CITY OF BOSTON · MASSACHUSETTS

OFFICE OF THE MAYOR
RAYMOND L. FLYNN

March, 1985

The creation of new housing opportunities is one of the greatest challenges facing the City of Boston today. The cost of construction and the cost of financing new developments has placed new housing beyond the reach of many Boston households. At the same time, Boston has the resources necessary to begin to change this picture. These include a committed City administration, buildable land parcels, co-operative lenders, and, most importantly, developers, both for profit and non-profit, with the commitment and vision to create new housing in Boston's neighborhoods.

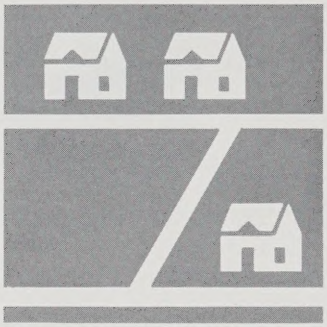
This guide book, produced with the co-operation of several City departments and public agencies, builds on the experience of several recent sales housing developments. It is intended to provide new developers with a simplified guide to the residential development process in Boston. Special attention is given to manufactured housing, a construction method with great promise for urban areas.

Thank you for your interest in building in Boston.

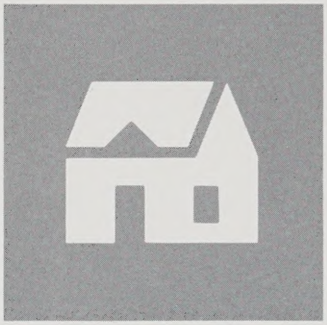
Sincerely,

Raymond L. Flynn

Raymond L. Flynn
Mayor



SITE



STRUCTURE

SUPPORT

SALES

Housing development, is a complex process. It brings together individuals and organizations who are interested in **supporting** housing development so that their efforts can be focused on a particular **site**, and the structures which will be built, so that the homes developed may be **sold.** Housing development may be seen in the context of these four activities. While each project has its unique characteristics, the housing development process has certain generic activities, each of which must be addressed for each project.

This Guidebook provides information about the nature of those generic activities for **sites, structures, support, and sales.** It provides enough detail to enable sponsors and others involved in new housing development in Boston to know the nature of the activities necessary at each development phase. But, like any document providing guidance, it cannot establish step by step, detail by detail specifications for individual projects. Each project has unique demands, schedules, and objectives. Nonetheless, the new housing development process described here enables those involved in individual projects to organize their efforts into a coherent and manageable process.

The balance of this Guidebook is organized around the new housing development process chart which appears in the middle of the book. It pays particular attention to manufactured housing, which is new to Boston. The activities related to each of the development process components--**site, structure, support** and **sales--**are identified by phase on the chart. They are then described activity by activity.

basic policy decisions

Preliminary Planning Phase

The basic ingredient to any successful housing development process is a developer with an idea, energy and endurance. In the preliminary planning phase, there are five basic policy decisions to be made by potential sponsor/developers.

1. **Should we participate in the City's New Construction Initiative?** Participation means that the sponsor/developer takes the city on as a "joint venture" partner, and accepts it objectives, guidelines and involvement in exchange for its investment of time, effort and CDBG funds.

2. **For whom should we build?** The New Construction Initiative provides new housing for moderate income families. The sponsor/developer needs to decide whether this segment of the larger market will be its target. This decision will narrow the possible locations at which to build the new housing, and will establish the sales price range.

3. **What type of housing will best serve our target market?** The target market, ideal price range, and potential sites help focus this policy choice. New housing can be attached or detached, single or multi-story, small, medium and/or large units, in varying densities and number of units at a site.

4. **What should the form of ownership be?** The decision is often influenced by the type of financing available to buyers. Condominium, cooperative or fee-simple ownership are possible.

5. **Who will form our development team?**

The old adage, "Time is Money", is never more real than when trying to develop new housing for moderate income families. A development team must be formed. It must be able to move rapidly to carry our its duties. The policy board should clearly establish when and how it will guide and review technical implementation activities.

The division of policy making and implementation responsibilities is often harder for a non-profit organization than for profit-oriented developers. Non-profit organizations are usually created to meet important social objectives. Participants usually volunteer their time and energy out of commitments to those objectives. Often the organization has succeeded by fighting others to achieve its aims. In becoming a developer of sales housing, some hard realities must be faced. The incomes of the intended buyers put a real cap on what can be built. Thus the hardest policy choice is the trade-off between what is hoped for in site and structure qualities, and the costs of realizing those possibilities. In **sales** housing there is an inescapable rule: *"You have to meet your market."*

you have to meet your market

After these basic policy decisions are made, the first step in the preliminary planning phase is the creation of the **development team.** Potential members are summarised in Table 1.

The absolutely essential development team member is the **Sponsor/Developer**. When non-profit groups are the core of the development team, it is important to assign clearly all responsibilities. Development can be separated into two general policy activities: (1) making policy decisions and (2) implementing policy. Developer/Sponsors choose a

TABLE 1

Potential Housing Development Team Members

Boston's New Construction Initiative

+ Sponsor/Developer
+ Project Manager
+ City/NDEA Housing Division
+ Development Consultant
+ Architect
+ Site Engineer
+ Site Designer
+ Lender
+ Attorney
+ Housing Manufacturer
+ Construction Manager
+ General and/or Sub-Contractor(s)
+ Marketing Agent
+ Property Manager

Note: These need not be different individuals. Often two or more roles can be filled by the same individual.

Project Manager for the project. This individual will coordinate the entire development effort. The project manager may be a staff person of the organization, or it may be an individual or firm whose services are retained for this project. In either case (and most particularly in a contractual relationship with an individual firm) it is extremely important to identify the operational authority of the project manager.

identify project manager operational authority

In the New Construction Initiative, the **City** will be an active partner with the developer/sponsor in the development process. It is useful to think of the City as an equity investor in a housing development joint venture. Thus, it is important to clarify the operating functions of the NDEA's Housing Division representative on the development team, most particularly in coordination activities and negotiation with other City agencies.

It is important also to note that there are specific federal and City requirements, when public funds are used. Among those which require attention in the initial process are: the use of Davis/Bacon wage rates, competitive bidding and negotiation processes, control on speculative sales, and compliance with Boston resident hiring and minority business participation regulations.

The balance of the development team members are those who bring specific professional and technical skills to the development process. Any or all of these potential participants may be appropriate to a specific development project. The importance of a project manager (either from staff or retained for this purpose) has been noted above. To the extent that the project manager is unfamiliar with new housing development, a **development consultant** may be useful. A development consultant helps identify responsibilities and schedules for the project. The development consultant often is able to put the circumstances of a particular project in a broader context and provide guidance towards more efficient solutions which may not have occured to other team members.

architects provide design may not be needed for manufactured housing

An **architect** is necessary if the housing is to be site built, and may be appropriate when available manufactured housing models do not appear to fit the shelter and/or appearance requirements for the target market and/or site. It should be emphasized that one of the reasons for the lower cost of manufactured housing is that it is already designed, eliminating the need and therefore cost of design skills. Adding an architect to the team for a manufactured housing development can be a source of additional cost. One reason for this is that architects inevitably interject new design aspects. This frequently causes manufacturer cost increases because of non-routine building activities, added fees for design approval for new models and/or unique building materials. Remember that the lower costs associated with manufactured housing result in large part from repeated use of similar layouts, materials and building techniques.

A **site engineer** will be necessary to develop the plot plan and engineering requirements for siting and utility service for the dwelling structures. It is possible that the site engineer (or engineering firm) can also provide **site design** services. The layout of the project on the chosen site significantly affects both its financial feasibility and its eventual liveability. Not only are there construction economies to be achieved in the layout of the structures, there are also operational economies resulting from attention to such factors as solar orientation and microclimate.

It is important to have a member of the development team who can conduct trade-off analysis of various cost components. A particularly important analysis is the trade-off between the types of heating systems and materials which contribute to structural energy efficiency. The architect, engineer or development consultant may be able to evaluate the structural and operational attributes of various possible structures, whether site-built or provided by housing manufacturers.

The **lender** plays an important function in establishing certain schedule constraints as a result of the terms of lending commitments. This is true of lenders providing construction financing as well as those providing end loans. The constraints are generally those dictated by the purchaser of the end loans (e.g. MHFA).

An **attorney** as a member of a development team can serve a variety of functions. The most obvious are the formal legal activities associated with incorporation, representation before permit granting bodies and review of financial arrangements. Attorneys also often serve in various negotiating roles in any or all of the development phases.

attorney can negotiate

Housing manufacturers can play an important role in the development team, when manufactured housing is the structure choice. As part of the preliminary planning phase several manufacturer representatives may participate as quasi-development team members when then development team reviews possible structural designs. This is especially important in the integration of the on-and off-site construction components of the manufactured housing development.

The **construction manager** is the sponsor/developer's direct representative at the construction site, ensuring that what was planned is built in a timely and acceptable manner. When manufactured housing is used, the construction manager sees to the efficient integration of the on-site and off-site construction activities.

General and sub-contractors are active development team members during the construction phase. If the construction manager is knowledgeable in construction oversight, it may not be necessary to have a general contractor. This is even more likely when manufactured housing is selected for the structure.

marketing agents and property managers sell and operate

The **marketing agent** and the **property manager** become more important in final planning and sales phases. One or both may be involved, according to the marketing and ownership strategy determined. The property sales may be undertaken through a contract with an existing realtor/broker organization or by sponsoring organization personnel. Property management is often involved in instances where the ownership structure involves a condominium or cooperation.

An important consideration from the beginning of the Preliminary Planning Phase is the source of "up front" costs. These are costs associated with the commitment of the organization's staff time as well as the time of the various members of the development team. One way or another, every cost must be covered. Staff and/or development team time may be covered because the organization has sufficient operating income. Alternatively, it may be necessary to obtain funds (grants and/or loans) to cover these initial costs. Even though these costs may be ultimately recoverable from City's CDBG funds or sales proceeds, there is always the risk that the project will not proceed successfully. Thus a first order of buiness with each development team member is reaching a financial agreement. There are three general arrangements:

+ **Pro bono**, in which the development team member donates services.
+ **Contingency**, in which remuneration is contingent on certain factors, such as sales or receipt of CDBG funds.
+ **Payment on performance**, in which payment is made as activities are performed. Fees can be fixed (in dollar or percentage amounts) or based on actual time and materials expended. NDEA's Management Assistance Program/Technical Assistance Program (MAP/TAP) can provide funds of up to $27,000 (MAP) and $25,000 (TAP) per project for eligible sponsors. Where the project proceeds support it, these funds are recoverable by NDEA.

Early in the preliminary planning phase, even before all of the members of the development team are actively

questions for a preliminary market analysis

involved, it is important to complete a **preliminary market analysis.** This answers a series of basic questions including:

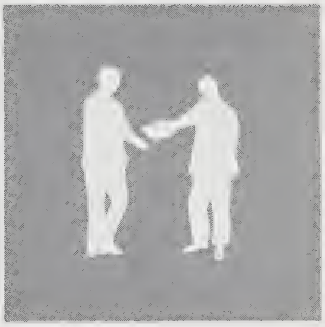
1. Who are the probable occupants?
2. What are their demographic characteristics, including age, household composition and income?
3. What are the housing alternatives for this target market?
4. What is the liklihood that this target market will select the type of housing to be developed?
5. Can the target market afford the price of what we wish to build?

Not many non-profit housing development corporations have had to conduct systematic market analyses. This is because the bulk of their activity has been in rental housing with various degrees of subsidy. In rental housing the financial requirements for occupancy rarely involve the substantial sums required in sales housing for downpayments and closing costs. Moreover, the available alternatives to the subsidized housing being offered are so few such that the target market is, in effect, "guaranteed" to the developer once the housing is on the market. The luxury of a "guaranteed" market does not exist for sales housing. It is possible to have relatively low percentage downpayments, for example, 5%. However, this still represents $2,000 on a $40,000 final home price. Moreover, closing costs frequently match the downpayment costs. In some projects lenders may require some or all of the units to be pre-sold before release of construction funds.

The **eligibility window** (established by the HUD and the City for CDBG subsidy funds) for eligible moderate income families can be relatively narrow when the final housing price and the related monthly housing payments are converted to possible annualized family incomes. For example, a $42,500 mortgage, at 10.65%, yields a monthly payment for principal, interest, taxes and insurance (PITI) of $496. This translates to an annual income of $19.239, assuming 31% of income is committed to PITI. The income ceilings are:

+ $18,000 for a one person household
+ $20,700 for a two person household
+ $23,250 for a three person household
+ $25,850 for a four person household

In this example the one person household would not be eligible, as the income needed to support the loan is **above** the moderate income ceiling.



for CDBG funds, buyers must fit the eligibility window

The preliminary market analysis carries with it a geographic component, reflecting the area(s) from which the target buyers will come. Neighborhood based non-profit developer/sponsors tend to focus on their traditional service areas. However, many city programs require open eligibility to all Boston residents and/or construction in target neighborhoods. It should be remembered that the target neighborhoods are usually selected because they need revitalization. They often do not exhibit strong market activity. This further constrains market possibilities, and makes even more essential a careful market analysis.

Site selection starts with those sites which are both available and seem desirably located for the target market. Possible sites are quickly reviewed to identify development constraints, such as difficult soil conditions or probable

NEW HOUSING DEVELOPM

SITE

Site Selection/ Control

Preliminary Site Planning

Preliminary Engineering

STRUCTURE

Preliminary Structure Design

SUPPORT

Development Team

Front End Costs

City Role Requirements

Preliminary Financing Package

SALES

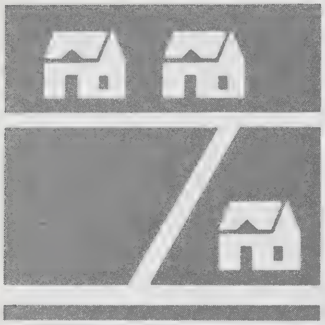
Preliminary Market Analysis

Preliminary Development Costs/Feasibility

TIME (Application Phase) PRELIMINARY PLANNING PHASE

PROCESS CITY OF BOSTON

FINAL PLANNING PHASE	CONSTRUCTION AND SALES PHASE	SUCCESS!!!!!
Final Site Plan Final Engineering	Site Construction Site Contracts Acquisition	
Final Structure Design/Bid	Structure Contract Structure Installation	
Final Financing Package	Approvals/Permits Permits Final Market Analysis/Plans	
Final Development Costs/Feasibility	Marketing	Sales/Closing



rank sites by marketing desirability and construction difficulty

neighborhood opposition. Then, sites are ranked according to marketing desirability and construction difficulty. Site acquisition as part of the New Construction Initiative is facilitated by the City's identification of preferred sites for development. If the selected site is city owned, control and acquisition is achieved through a public disposition process established by the Property Disposition Committee. The City's representative on the development team will assist the developer/sponsor in gaining control and ultimately acquiring the land in a timely fashion. If the selected site is privately held by other than the sponsor/developer, control is an important first step. Typically a Purchase and Sale Agreement can be drawn, establishing price and conditions for the acquisition. In such private transactions, the development consultant and/or attorney can provide valuable assistance.

When the development team has been formed, preliminary market analysis completed and site control achieved, the next step is **preliminary site planning.** During this phase basic information on utilities at site, zoning and other regulations, and other site factors is collected and analyzed. Possible site layouts are studied, including provision for pedestrian access, parking, amenities, drainage, landscaping, and other construction concerns.

Preliminary structure design is interactive with preliminary site planning, as the nature of available structures can guide the site planning process. If manufactured housing is chosen, the structure design is much more independent of the site than for on-site building. Housing manufacturers have "off-the-shelf" designs. Because of the frequency of their construction these designs are often less expensive. The extent to which the available "off-the-shelf" structure designs meet developer/sponsor objectives is evaluated at this phase. Possible modifications of existing designs are investigated. If alternative design is considered for manufactured housing, it may be useful to involve an architect. It is essential to involve manufacturer representatives, since it is important to understand the requirements of manufacturing. This is particularly the case where the manufactured housing alternative is to be modular. In this circumstance the "box" dimensions cannot exceed 14 feet in width, or typically, 70 feet in length. Transportation limits on height will also influence roof design.

When some determination is made on preliminary structure design, it is possible to undertake the **preliminary engineering**. At this stage the various infrastructure, service and foundation construction requirements are reviewed. Also preliminary subdivision and/or road construction studies are completed, if necessary.

The results of the preliminary site planning, structure design and engineering lead to **preliminary development costs** and **project feasibility.** It is desirable to separate development costs into two broad categories - **hard** and **soft** cost. Within hard costs the two major subcomponents are those associated with the structure(s) (manufactured or site-built) and those associated with site development. Within each of these sections there are further subcomponents. Soft costs are generally those associated with the technical resources required to develop the housing.

TABLE 2

Boston
New Construction Initiative
Sample Development Budget
950 sf, 2 story, 2BR/1 bath Townhouse
21 Manufactured Housing Units/7 Structures

		Per Unit	% of TDC
HARD COSTS			
Land	10,000	476	0.9
Site Development	64,000	3,048	5.8
Foundations	53,000	2,524	4.8
Structure (Del&Set)	598,500	28,500	54.6
Button-up/Int. Finish (all utilities)	102,000	4,857	9.3
Paving & Landscaping	34,000	1,619	3.1
Sub-total, HARD COSTS	861,500	41,025	78.5
SOFT COSTS			
Permits	21,000	1,000	1.9
Site Engineering & Design	10,000	476	0.9
Legal	16,000	762	1.5
Dev. Consultant/ Constr. Mgt.	31,500	1,500	2.9
Mktg/Security	10,500	500	1.0
Bank Fee/Interest	39,000	1,857	3.6
Insurance & Misc. Fees	6,000	286	0.5
Sponsor's Fee	21,000	1,000	1.9
Sub-total, SOFT COSTS	155,000	7,381	14.2
	1,016,500	48,405	92.6
CONTINGENCY @8% of 961,000	81,320	3,872	7.4
TOTAL DEVELOPMENT COST	1,097,820	52,277	100.0
CDBG subsidy	(252,000)	(12,000)	22.9
SALES PRICE	845,820	40,277	77.1

The sample budget presented in Table 2 reflects costs for a 21 unit, 7 structure manufactured housing townhouse development. A brief analysis of this budget illustrates the way in which preliminary development costs are estimated, and determinations made of project feasibility.

There are six broad categories of **hard costs.** The first, **land**, is determined in the site acquisition process. In the sample project land is 1% of costs.

Site development costs involve the preparation of the land for construction. They include clearing, excavation, backfill, rough and finish grading, site drainage and provisions for utility service to the structures. The site engineer is generally the source for these cost estimates. In the sample project site development is 6% of costs.

Foundation costs account for preparation and installation of the foundation system, including any poured floor. Some projects will provide for above grade foundations, making the basement a space which can be converted via buyer "sweat equity" to liveable space. Since foundation costs are necessary, the moderate addition of costs here often buys substantial liveable space at a minimal cost. In the sample project foundations account for 5% of total development costs.

Structure costs account for over 50% of total development costs. Purchasing manufactured housing enables the sponsor/developer to have a fixed price for this major cost component. It does require attention to design and price negotiation. Here a development consultant with experience in manufactured housing can be a useful addition to the project team. If the structures are to be site built, cost estimates for each of the structure components (typically by trade) are necessary, including framing, roofing, plumbing, electrical and so on.

A special cost category for manufactured housing projects is **"button-up"** and **interior finish.** Though the manufacturer has responsibility to deliver and do initial set-up of the unit (with specific responsibilities set forth in the contract between the sponsor/developer and the manufacturer), the completion activities are the responsibility of the sponsor/developer. These include finishing exterior siding, utility hook-ups, heating installation (if the unit is heated by other than an electric baseboard system), and interior finish work. The extent of these costs will vary according to the specifications of the contract, and the complexity of the interior design. They are a particular focus for scrutiny to achieve cost economies.

The final "hard" cost category is **paving** and **landscaping.** This provides for walkways and off-street parking, and initial site landscaping. While there is a tendency to scrimp here, especially on landscaping, project success is often keyed to the project's visual appearance.

soft costs cover technical and financial needs

"Soft" costs will have been considered in the process of putting together the development team, and determining "front end" cost requirements. Certain costs in the sample budget reflect "fixed fee" arrangements, such as the costs for the development consultant/construction manager ($1,500/unit) and the sponsor's fee ($1,000/unit). Other costs are negotiated, and may reflect a combination of fee and pro bono (for example, legal at $762/unit), estimated time and materials against a maximum price (for example, engineering at $10,000) or fees as a percentage of costs (for example, bank fees and interest at $39,000).

The contingency line allows for unexpected, or unpredictable costs, such as temporary electric service for site construction, rental of a construction trailer, cost overruns and so on. The contingency amount may vary (higher or lower) depending on the predictability of certain costs (for example, structure costs in manufactured housing), and the experience and financial strength of the sponsor/developer.

The sample budget shown on Table 2 has a Total Development Cost for 21 units of roughly $1 million. Sold at market rate, the units would cost roughly $52,000. With the $12,000/unit CDBG subsidy, units will sell at $40,300. This puts these 2 bedroom, 1 bath homes within the window eligibility, given the City/HUD maximum income guidelines.

The sample budget is not typical for most projects at the Preliminary Planning Phase, in that it meets project objectives at a feasible cost. Most have budgets which are much higher and are therefore not feasible. It is at this point that hard choices must be made. The feasibility of a project can be increased by finding savings in the various hard and soft cost components. But potential conflicts of objectives occur. Developer/sponsors, especially those with a non-profit neighborhood base, often put a premium on housing attributes such as room size, structure appearance, roof pitch and so on, that add cost. Price objectives, however, require cutting back on some of these features. It is important for technical personnel to understand these conflicting objectives, and to present cost saving proposals which assess impact on housing quality as well.

The preliminary development cost budget provides the input for the **preliminary financing package.** The preliminary financing package needs to incorporate both construction and end loans. If manufactured housing is selected, construction financing must take into account the lump sum payment associated with the delivery of the structures. Lending institutions will have a variety of requirements related to rates, terms and other conditions for their loans. It is beneficial to have a member of the development team experienced in negotiating loan arrangements with lending institutions.

When the preliminary financing package is put together the preliminary planning phase has come to an end. At this point the development team has completed the **preliminary market analysis** which has identified and put under control a **site** for the **target market**. **Preliminary site plans, structure designs** and **engineering** have all been completed which have led to the **preliminary development budget.** The **feasibility** of this budget depends on the ability of target buyers to purchase the homes at the required prices. In general this phase is completed quickly, ideally in fewer than four weeks.

Final Planning Phase

The **final planning phase** incorporates activities which are very similar in nature to those undertaken in the preliminary planning phase. Here the object is to complete each of the activities so that it is possible for the developer/sponsor to enter into contractural obligations.

Based on the conclusions of the preliminary planning phase regarding development and feasibility, the desired structure design is determined. Federal and City of Boston regulations associated with use of CDBG funds require that this structure be offered for bid to mnaufacturers or contractors, as the case may be. In requesting bids of manufacturers it is necessary to identify all the related specifications, to identify a response time, to communicate that failure to respond will be interpretated as a desire not to bid and to communicate all this information to potential manufacturers by certified mail, return receipt requested to insure that potential bidders have received the appropriate information. A technical contact person should be designated so the clarifications of materials in the bid request can be obtained.

The same process occurs for final site engineering. The various infrastructure, foundation, and other site improvements are reduced to engineering drawings for use in obtaining bid prices from subcontractors.

Based on the responses from both housing manufacturers and the various subcontractors associated with site construction activities, final development cost budget and feasibility analysis is completed. The final adjustments in the development budget involving negotiations with preferred general and/or subcontractors and housing manufacturers undertaken to achieve possible cost reductions where they are indicated.

Final arrangements are made on site acquisition. Based on the final development budget a final financial package is put together involving both committed City of Boston CDBG funds (when used), investor equity, and loan funds from lenders. The structure contract is entered into

remember city contracting goals and requirements with the selected housing manufacturer. This contract establishes delivery dates, penalties, and responsibilities. Contracts are entered into with site construction general and/or subcontractors, as appropriate. It is important to note that there are certain City requirements regarding participation of City residents and minority firms in expenditure of CDBG funds. Because a substantial portion of the development budget is allocated to the structure manufacturers, which typically do not involve City of Boston residents or minority owned businesses, it will be necessary for developer/sponsors who select manufactured housing to focus their Minority Business Participation activities within the site and technical support services expenditures of the development budget.

While the final contractual obligations for site, structure and financing are being completed, the marketing and sales members of the development team are conducting a final market analysis upon which they will develop final marketing plans. This final marketing analysis must carefully consider the preferences of the target market and the specific steps which will be necessary to insure that the potential market individuals have financial capability to enter into purchase arrangements for the homes. When all contractual obligations are entered into and final market plans are complete, the final planning phase comes to an end.

Construction and Sales Phase

It is during the construction and sales phase that the tangible results of the various activities of the planning phase become evident.

Table 3 presents in summary form a **Project Schedule** for the activities of all three phases.

The NDEA Funds activity, part of the **financing package**, shows the expected internal processing time for awards and contracts under the City's New Construction Initiative. During this processing time the City's representative will be an active participant on the Development Team. The Sponsor/Developer will negotiate terms and conditions with the City for both the CDBG subsidy and MAP/TAP funds, if any. The parallel activity for the financing package is obtaining funds for front end costs, and the negotiations of terms for both construction and end loans. Note that the schedule provides milestones for construction loan arrangements for both site and unit loans. This is especially important if manufactured housing is selected, since they have different draw-down conditions.

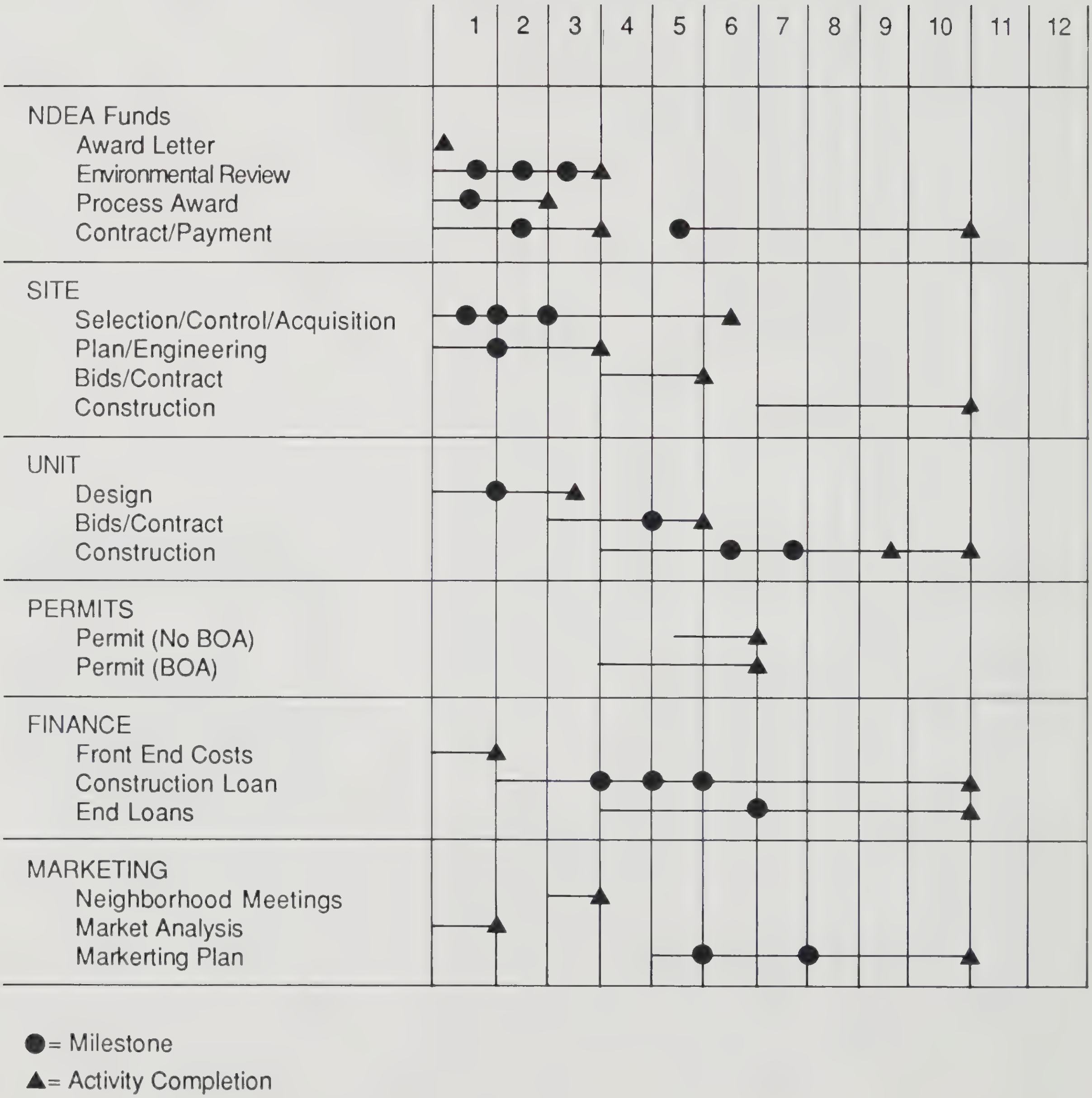
Many of the activities have milestones at the end of the first month. This reflects the expected completion of the Preliminary Planning Phase. Subsequent milestones or expected completion times (for example, site plan and engineering, and unit design) illustrate how these components of the Final Planning Phase should sequence efficiently.

legal conveyance takes time

A few specific time factors are pertinent to mention. Site acquisition from the City involves several internal steps by the Public Facilities Department, with final sign-off by the Mayor. The Public Facilities Department issues requests for proposals for vacant land. PFD reviews and makes recommendations on these proposals to the three member

TABLE 3

Project Schedule
Boston New Construction Initiative
by month from Award Notice



Public Facilities Commission. The PFC may need to take three separate votes in order to convey the land.

A schedule overlap is shown between unit bids/contract, and construction. This reflects the time period to (1) negotiate any final changes in unit design to effect cost savings, and (2) the time period needed to draw plans and obtain approvals. There is a similar extended period for bids/contract for site work, to permit plan modifications and negotiations to effect cost savings.

The first step in a construction and sales phase is the filing for various approvals and permits. Depending on the results of the site planning, zoning and building construction code requirements, developer/sponsors may go through a somewhat lengthy approvals process. This will be especially the case where either zoning or building code variances are required. It is desirable during the site planning activities of both the preliminary and final planning phase to have exploratory meetings with the Inspecitonal Services Department, Boston Water and Sewer Commission, Public Works Department and Boston Redevelopment Authority, to determine how the project fits their requirements. The components of the building permit submittal include:

1. Building Structure Plans, both structure and foundation
2. Certified Plot Plan
3. Utility and Landscaping Plan
4. Road Plan and Profile (if necessary)

All must be to City specifications. The plans are reviewed by (1) the Water and Sewer Commission and (2) the Public Works Department/Public Improvements Commission. Following their sign-off, the plans are reviewed by the

Inspectional Services Department, as the final step in issuing a permit. If no zoning or building code violations exist, a reasonable estimate on the total permit review process is six weeks.

In those instances where a variance is needed from the Board of Appeals for either zoning or building code reasons a more extended time frame should be anticipated. If the developer/sponsor has had prior indication that this would be the case, it will be possible to file immediately after rejection for a hearing date with the Board of Appeals. Statutory requirements involve a minimum 30 days notice prior to the holding of a hearing so that abutters can be notified and other public notice made. The filing of an appeal request for hearing carries with it a certain series of requirements. Developer/sponsors are required to draft decisions for the Board of Appeals which facilitate its issuance of a decision. Finally there is a required 15 day time during which abutters may take appeals from the Board of Appeals decision. A reasonable estimate of time to obtain permits when variances are needed is 12 weeks.

Building permit fees are calculated on the basis of $7 per thousand for the first $100,000 and $10 per thousand for each over that amount. These fees are assessed per structure, which is defined as the continuous foundation. A lower proportion of the filing fee will be required in those instances where the Inspectional Services Department knows in advance that the application will be denied and a variance required. This lower fee will be credited against the final fee when the variance is granted. The filing fee for variances is $100 for a structure of three or four units, and $100 cited violation for larger structures.

Construction activity at the site involves primarily the preparation of the land, installation of infrastructure (water, sanitary and storm sewer, gas, electric, telephone, cable) and foundation. This activity on site is an ideal prompter for an intense **marketing effort.** It is probable that the marketing effort will have gone on in advance through various advertisements, distribution of flyers and brochures, community meetings and other sources. The several milestones in the marketing plan indicated such efforts.

An important process of the marketing procedure is to have potential purchasers prequalify themselves. Simple checklists suffice. This eliminates a substantial administrative burden in those instances where individuals and their families do not have the financial capability (for example, down payment and closing cost funds) or do not meet the City/HUD income eligibility criteria.

An important aspect of the construction phase is to effectively sequence the site preparation and structure installation activities. One of the significant savings can be in interest funds. When manufactured housing is used it is important to be prepared to immediately button-up the units, and do final site grading and landscaping. This is easier in projects involving relatively few streuctures. Note that the schedule in Table 3 provides a four month time period for construction on site. This will vary according to the scale of the project. Obviously, smaller projects will take less time. Projects should strive for efficiency on site, as this limits interest expense. When all the site work and structure installation are complete and all the homes sold and occupied the New Construction Development Process has come to a successful conclusion!

Remember the steps:

- Preliminary Planning
- Final Planning
- Construction and Sales

And the four housing development activities:

SITE *STRUCTURE*
SUPPORT *SALES*

These are your path to successful New Housing Development in Boston.

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